

Message Text

CONFIDENTIAL

PAGE 01 OECD P 29424 01 OF 02 081953Z

43

ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-01 INR-05 IO-10 NEA-06 NSAE-00 RSC-01

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 SWF-01

OMB-01 FEA-01 AEC-05 DODE-00 FPC-01 H-01 INT-05 L-02

NSC-05 PM-03 SAM-01 OES-03 SS-15 STR-01 /111 W

----- 125390

P R 071355Z DEC 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC PRIORITY 4653

INFO AMEMBASSY ANKARA

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 1 OF 2 OECD PARIS 29424

C O R R E C T E D C O P Y (REFEREN CE NUMBERS ADDED)

E.O. 11652: GDS

TAGS: ENRG, OECD

SUBJECT: IEA: DEC 5-6 STANDING GROUP MEETING ON

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OECD P 29424 01 OF 02 081953Z

PRODUCER-CONSUMER RELATION (SPC): AGENCY POSITION ON

DEC 12 OPEC MEETING

REFS: A) OECD PARIS 29422 B) OECD PARIS 29425

1. SUMMARY. IEA STANDING GROUP ON CONSUMER-PRODUCER RELATIONS DEVELOPED SET OF THEMES MEMBER GOVERNMENTS COULD USE IN BILATERAL CONTACTS WITH OPEC COUNTRIES PRIOR TO OPEC MEETING DEC. 12 TO DISCOURAGE FURTHER INCREASES IN OIL PRICES. GOVERNMENTS ARE FREE TO EMPLOY AND INTERPRET THESE THEMES AS THEY WISH, BUT POINTS REFLECT SUBSTANTIAL CONSENSUS IN STANDING GROUP. GROUP CONSIDERED BRIEFLY AND REJECTED IDEA OF JOINT IEA DEMARCHE TO OPEC AT THIS TIME. END SUMMARY.

2. FOLLOWING TEXT (WHICH IS BASED ON INITIAL DRAFT BY UK) REPRESENTS EFFORT BY STANDING GROUP CHAIRMAN TO RECONCILE PROPOSALS BY UK, US AND OTHER DELEGATIONS RE POSSIBLE LINE TO BE TAKEN IN BILATERAL CONTACTS WITH OPEC COUNTRIES PRIOR TO DEC 12. (US PROPOSAL IS REPEATED VERBATIM IN FIRST PARAGRAPH OF CHAIRMAN'S NOTE.)

3. BEGIN TEXT: POSSIBLE THEMES THAT COULD BE BROUGHT UP IN BILATERAL CONTACTS OF IEA COUNTRIES WITH OPEC COUNTRIES BEFORE THE OPEC MEETING OF 12TH DECEMBER, 1974.

(1) ANY INCREASE IN OIL PRICES AT THIS TIME WOULD BE UNJUSTIFIED AND WOULD ONLY EXACERBATE THE CURRENT FINANCIAL IMBALANCE IN THE INTERNATIONAL ECONOMY AND SEVERE STRAINS ON THE ECONOMIES OF INDIVIDUAL COUNTRIES, BOTH DEVELOPED AND DEVELOPING.

(2) THE ABRUPT QUINTUPLING OF OIL PRICES SINCE OCTOBER 1973 IS CAUSING SERIOUS PROBLEMS FOR THE WORLD ECONOMY AND FINANCIAL SYSTEMS WHICH HAVE NOT YET BEEN SOLVED; AND THERE IS NO CERTAINTY THAT THEY CAN BE SOLVED.

(3) THE CONSUMER COUNTRIES ARE AT PRESENT ENGAGED IN ACTIVE PREPARATION FOR A MULTILATERAL CONSULTATION WHICH WILL TAKE INTO ACCOUNT THE INTERESTS OF ALL AFFECTED COUNTRIES, PRODUCER AND CONSUMER, DEVELOPED AND LESS DEVELOPED. ANY INCREASE IN PRICE AT THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 OECD P 29424 01 OF 02 081953Z

PRESENT MOMENT COULD PREJUDICE THE SUCCESS OF ANY SUCH CONSULTATION WHICH ALL SIDES ARE AGREED IS DESIRABLE.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 OECD P 29424 02 OF 02 071409Z

43

ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-01 INR-05 IO-10 NEA-06 NSAE-00 RSC-01

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 SWF-01

OMB-01 FEA-01 AEC-05 DODE-00 FPC-01 H-01 INT-05 L-02

NSC-05 PM-03 SAM-01 OES-03 SS-15 STR-01 /111 W

----- 120734

P R 071355Z DEC 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC PRIORITY 4654

INFO AMEMBASSY ANKARA

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 02 OF 02 OECD PARIS 29424

(4) A THREAT OF A COLLAPSE OF THE WORLD ECONOMY
STILL EXISTS. EVEN IF THE REASONS FOR THIS SITUATION
ARE NOT AGREED TO BE SOLELY ATTRIBUTABLE TO THE RISE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OECD P 29424 02 OF 02 071409Z

IN WORLD OIL PRICES, OIL IS BY SO MUCH THE LARGEST
SINGLE COMMODITY IN WORLD TRADE THAT IT PRODUCES A
GREATER EFFECT UPON THE WORLD ECONOMY THAN ANY OTHER.

(5) N.B. COUNTRIES ARE, OF COURSE, FREE TO USE
THOSE ARGUMENTS WHICH THEY CONSIDER MOST IMPORTANT AND
USEFUL." END TEXT.

4. CHANGES TO THE CHAIRMAN'S TEXT WERE SUGGESTED BY
NUMEROUS DELEGATIONS. US DELEGATION PROPOSED THAT
PARAGRAPH (3) OF TEXT BE AMENDED TO READ, "THE CONSUMER
COUNTRIES ARE AT PRESENT ENGAGED IN THE FIRST STAGES OF
PREPARATION FOR A POSSIBLE MULTILATERAL CONSULTATION
WHICH WILL TAKE INTO ACCOUNT THE INTERESTS OF ALL
AFFECTED COUNTRIES, PRODUCER AND CONSUMER, DEVELOPED AND
LESS DEVELOPED. ANY INCREASE IN PRICE AT THE PRESENT
MOMENT COULD PREJUDICE THE SUCCESS OF ANY SUCH CONSULTA-
TION." US PROPOSED CHANGE WAS NOT SUPPORTED BY
OTHERS, HOWEVER, AND CHAIRMAN STRESSED THAT SINCE
GOVERNMENTS WERE FREE TO MAKE USE OF CHAIRMAN'S NOTE
IN ANY WAY THEY WISHED, DOCUMENT DID NOT REQUIRE FORMAL
AMENDMENT, NOR DID IT REFLECT UNANIMOUS APPROVAL OF THE
GROUP. HE DID ENDORSE A SUGGESTION BY CANADA AND
LUXEMBOURG, HOWEVER, THAT, IN THEIR APPROACHES TO OPEC
GOVERNMENTS, IEA MEMBERS ALSO SEEK TO EXPLAIN THE PUR-
POSES OF THE IEA.

5. ALSO NOTEWORTHY, AS FAR AS THEMES FOR OPEC CONTACTS
WERE CONCERNED WAS SURPRISINGLY WEAK FORMULATION ON
PRICE ISSUE, INITIALLY PUT FORWARD BY BRITISH TO THE
EFFECT THAT: "THE CONSUMERS SHOULD BE GIVEN AN
OPPORTUNITY TO ADJUST TO PRESENT PRICES BEFORE ANY
FURTHER RISES ARE CONTEMPLATED." THIS FORMULATION WAS
STRONGLY OPPOSED BY THE US, ENERGY AGENCY DIRECTOR
LANTZKE AND SEVERAL OTHERS AND WAS DROPPED FROM CHAIR-
MAN'S VERSION.
TURNER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSUMER PROTECTION, PETROLEUM, TEXT, MEETING AGENDA, DEMARCHE, COMMITTEE MEETINGS, MEETING PROCEEDINGS, PRICE CONTROLS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 07 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OECDP29424
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740356-0220, D740356-0403
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741252/aaaabsij.tel
Line Count: 208
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A) B), A) OECD PARIS 29422 B) OECD PARIS 29, 425
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 MAR 2002 by shawdg>; APPROVED <28 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IEA: DEC 5-6 STANDING GROUP MEETING ON PRODUCER-CONSUMER RELATION (SPC): AGENCY POSITION ON
TAGS: ENRG, EIND, OECD, IEA, SPC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005